

Message Text

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PAGE 01 LUXEMB 00269 101659 Z

45

ACTION EUR-25

INFO OCT-01 ADP-00 AID-20 CEA-02 CIAE-00 COME-00 EB-11

FRB-02 INR-10 NSAE-00 RSC-01 CIEP-02 STR-08 TRSE-00

LAB-06 SIL-01 OMB-01 NSC-10 SS-15 DODE-00 PA-03

USIA-12 PRS-01 L-03 AGR-20 NEA-10 RSR-01 INRE-00 IO-12

EURE-00 /177 W

----- 028793

P R 101630 Z APR 73

FM AMEMBASSY LUXEMBOURG

TO SECSTATE WASHDC PRIORITY 3307

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY ROME

USMISSION OECD PARIS UNN

USMISSION EC BRUSSELS UNN

LIMITED OFFICIAL USE LUXEMBOURG 269

E. O. 11652 GDS

TAGS: EEC PFOR

SUBJ: VENUE FOR EC MONETARY FUND

REF: LUXEMBOURG 263

1. EMBASSY HAS BEEN INFORMED THAT PRIME MINISTER WERNER HAS MET WITH LUXEMBOURG BANKING COMMUNITY TO DISPEL RUMORS REPORTED IN TODAYS INTERNATIONAL HERALD TRIBUNE. WERNER STATED NO COMMITMENT HAS BEEN MADE TO GERMANY OR FRANCE AFFECTING LUXEMBOURG' S BANK SECRECY PRACTICES AND HOLDING COMPANY LEGISLATION THAT WOULD
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ENDANGER LUXEMBOURG' S ATTRACTIVENESS AS A FINANCIAL CENTER. FRANCE AND GERMANY HAD NOT TIED ANY CONDITION TO THEIR AGREEMENT TO SUPPORT LUXEMBOURG AS THE SITE FOR THE MONETARY FUND OTHER THAN THE DETERMINATION THAT LUXEMBOURG COMMUNICATIONS AND TRANSPORTATION FACILITIES WERE SUFFICIENT TO ASSURE THE EFFICIENT FUNCTIONING OF THE FUND.

2. THE GERMAN AND FRANCH AUTHORITIES, HOWEVER, INDICATED UNOFFICIALLY THEY WOULD LIKE TO SEE LUXEMBOURG' S FISCAL REGIME MODIFIED. THE GERMANS PARTICULARLY FEAR THAT LUXEMBOURG WAS BEING USED AS A CONDUIT FOR FUNDS FOR AFFILIATES OF GERMAN BANKS LOCATED IN LUXEMBOURG TO GET AROUND GERMANY' S EXCHANGE RESTRICTION. LUXEMBOURG MAINTAINS THAT THE SUMS FROM GERMANY ARE NOT SO LARGE AS TO SERIOUSLY AFFECT THE GERMAN EXCHANGE RESTRICTIONS. TO PROVE THIS LUXEMBOURG AGREED TO PROVIDE ONE FIGURE FOR THE TOTAL AMOUNT OF DEUTSCHEMARK DEPOSITS HELD BY ALL GERMAN BANKS IN LUXEMBOURG. THIS IN NO WAY WILL ENDANGER LUXEMBOURG' S BANK SECRECY AS NO REPORTS ARE REQUIRED FOR INDIVIDUAL BANKS. GALANTO

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*** Current Handling Restrictions *** n/a

*** Current Classification *** LIMITED OFFICIAL USE

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TAGS: PFOR, LU, EEC
To: BONN
BRUSSELS
COPENHAGEN
DUBLIN
EUR
LONDON
PARIS

SECSTATE WASHDC
THE HAGUE

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